



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

June 18, 2001

# **Community Reinvestment Act Performance Evaluation**

**First Citizens National Bank  
Charter Number: 5263**

**200-206 West Court Street  
Dyersburg, TN 38025**

**Office of the Comptroller of the Currency**

**Southeastern District Office - Memphis  
57 Germantown Court Suite 309  
Memphis, TN 38108**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **First Citizens National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First Citizens National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- FCNB lending levels reflect an excellent responsiveness to home mortgage, small business, small farm and consumer credit needs of its AA.
- A substantial majority of the bank’s overall lending activity during this evaluation period, were within its AA.
- Loan distribution among borrowers of different income levels is good and distribution among geographies within the assessment area is adequate.
- FCNB made a limited amount of qualified grants and donations to community development organizations during the evaluation period.
- FCNB’s delivery systems are accessible to geographies and individuals of different income levels.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate** - Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. The U.S. Census Bureau has established BNAs in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

**Community Development (CD)** - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA)** - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Full-Scope Review** - Performance under the lending, investment, and service tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA)** - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Limited-Scope Review** - Performance under the lending, investment, and service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

**Low-Income** - Income levels that are less than 50 percent of the median family income.

**Median Family Income (MFI)** - The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Statistical Area (MSA)** - Area defined by the director of the U.S. Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80 percent and less than 120 percent of the MFI.

**Moderate-Income** - Income levels that are at least 50 percent and less than 80 percent of the MFI.

**Small Loans to Businesses** - Loans with original amounts of \$1 million or less that are: (1) secured by non-farm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Loans to Farms** - Loans with original amounts of \$500,000 or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120 percent or more of the MFI.

## Description of Institution

First Citizens National Bank (FCNB), an intrastate bank headquartered in Dyersburg, Tennessee, is owned by First Citizens Bancshares, Inc., a financial holding company. Dyersburg is approximately 60 miles north of Memphis, Tennessee.

In March 1998 and February 1999, FCNB acquired the Bank of Troy with \$61 million in assets and the \$49 million First Volunteer Bank, respectively. These acquisitions extended the bank's presence to Obion County and added three branches to its service delivery network. FCNB currently operates full-service commercial banking business from 9 branches in the three contiguous counties of Dyer, Lauderdale and Obion. The bank's AA is predominantly middle income. It is not in an MSA, does not contain any low-income BNA and includes only 3 moderate-income out of 25 BNAs. Agriculture represents a significant factor in the bank's AA. Dyer County alone, has sixty-eight percent of its land devoted to agricultural production and farming is its major industry.

FCNB's strategic vision is to become a diversified financial services company. Residential lending is a major product, followed by business and consumer loans. As of December 31, 2000, net loans were \$337 million of total assets and were primarily centered on real estate related loans at 69%. Net loans were distributed as follows: 43% loans secured by 1 - 4 family residence; 15% to other real estate loans; 13% each to commercial/industrial and consumer loans; 10% each to construction and development and non farm residential loans; and, the rest to farmland, agricultural, home equity, credit card and other loans. While loan dollar volume is centered on residential loans, consumer loans predominate the number of loan originations during the evaluation period. The bank had total assets of \$493 million and \$43 million in Tier 1 capital or 13% Tier 1 risk-based capital, as of December 31, 2000.

FCNB has six subsidiaries; however, the bank did not request consideration of their activities in the evaluation of its performance. These operating subsidiaries include an insurance agency and a non - deposit retail investment sales agency in Dyersburg, an insurance underwriting company in Phoenix, AZ, two investment companies in Las Vegas, NV, and a finance company operating three offices in Tennessee. The subsidiaries allow FCNB to pursue challenges and opportunities presented by the "Financial Modernization" Act or the Gramm-Leach-Bliley Act.

There is no financial, legal or other factors impeding FCNB's ability to meet the credit needs of its community. The bank received a "Satisfactory" rating on the February 9, 1998 CRA performance evaluation.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This examination covers FCNB's lending performance from January 1, 1998 to December 31, 2000. We reviewed small business and small farm loans for the three year period. While the bank is not required to report its home loans under HMDA, FCNB collected the 1999 and 2000 residential home loan data in HMDA format, for our evaluation. We also reviewed motor vehicle, other secured consumer and other unsecured consumer loans as management chose to include these loans in the bank's performance evaluation. For the Community Development lending, the Investment and the Service Tests we reviewed activities from February 10, 1998 to June 18, 2001.

### Data Integrity

FCNB's internal audit department uncovered significant reporting errors in its residential, small business, small farm and consumer loan data during its scheduled internal audits. In our October 2000 data integrity review, we noted that these were significant errors. We asked the bank to correct the errors and resubmit the corrected CRA data. We performed a second data integrity review in April 2001 on FCNB's 1999 and 2000 home loans, 1998 to 2000 small business, small farm and consumer loans. We also reviewed the accuracy of the CD loans, investments, and services submitted by the bank for consideration. All data were accurate for use during this examination.

### Selection of Areas for Full-Scope Review

FCNB identified one AA that includes all banking locations and deposit taking ATMs. All ratings are based on the bank's performance in this AA. Please refer to Appendix A for more information on the AA.

### Ratings

The bank's overall rating is based on a single AA that received a full-scope review. FCNB's AA does not contain distinctly identifiable geographies. There are no low-income BNA and only 3 or 12% of the total BNAs are moderate-income. The geographic distribution of loans will have less impact on the overall rating.

### Other

We conducted one community contact during this examination and reviewed two other contacts, made in the bank's AA, by regulators from the OCC and the Federal Deposit Insurance Corporation.

We made our contact with the executive director of a local business group. This office covers the four cities in the county and coordinates with other business representatives of abutting counties. Our contact stated that area banks are satisfactorily meeting the basic credit needs of the community. The credit needs identified include affordable housing and small business loans, especially start-up loans. The contact also indicated that the community needs to be made more aware of the impact of a good education on the overall quality of life.

## Fair Lending Review

An analysis of 1999 and 2000 public comments and consumer complaint information and the 2000 home loan data (in HMDA format), was performed according to the OCC's risk based fair lending approach. The analysis did not reveal any basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year. The latest fair lending examination was performed in February 1998.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory". Based on a full-scope reviews, the bank's performance in the AA is good.

#### Lending Activity

Refer to Table 1 in appendix C for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect an excellent responsiveness to home mortgage, small business, small farm and consumer loans. During the evaluation period, FCNB originated or purchased 852 home mortgage loans and 1,796 reportable small business and small farm loans. In addition, the bank originated 7,815 consumer loans. These loans amount to a total of \$231 million.

The bank's small business and small farm market shares exceed its deposit share rank in the AA. Its market rank for small business and small farm loans equal its deposit market rank. It holds 1<sup>st</sup> rank in all three areas. Because the bank is not a HMDA reporter and is not located in an MSA, home loan market rank and market share information is not available.

We also looked at the bank's loan to deposit ratio over a three-year period to supports its excellent lending activity. Loan to deposit ratios for 1998, 1999 and 2000 were at 91%, 88%, and 91%.

#### Distribution of Loans by Income Level of the Geography

As stated earlier, the geographic distribution analysis will have less impact on the overall rating under the "Lending Test." The following were considered in concluding for each lending activity.

There are only three moderate-income BNAs. The BNAs are a significant distance from the major thoroughfares within their respective counties and have smaller population bases. Only 9% of the total housing units (3,443) in the moderate-income BNAs, are owner-occupied and 26% are vacant units. Of the owners who occupy the units, 10% have monthly owner costs greater than 30% of their income, versus only 8% of the total owners in FCNB overall AA. In addition, the one BNA in Dyer County is sparsely populated and contains relatively few businesses. Much of the BNA resides within the flood plain of the Mississippi River.

#### *Home Mortgage Loans*

Refer to Tables 2, 3 and 4 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is adequate in the FCNB AA.

FCNB home purchase lending is very poor. The percentage of home purchase loans to moderate-income BNAs is significantly lower than the percent of owner-occupied units.

FCNB home improvement lending is adequate. The percentage of home improvement loans is somewhat lower than the percent of owner-occupied units.

FCNB home refinance lending is adequate. The percentage of refinance loans in the moderate-income BNAs is somewhat lower than the percent of owner-occupied units.

### ***Small Loans to Businesses***

Refer to Table 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is adequate. The percentage of lending in the moderate-income BNAs is lower than the demographics in the AA. The bank's market share in the moderate-income BNAs is somewhat lower than its overall market share.

### ***Small Loans to Farms***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The geographic distribution of small loans to farms is excellent. The percentage of lending to small farms in the moderate-income BNAs exceeds the AA demographics. The bank's market share in the moderate-income BNAs exceeds its overall market share.

### ***Consumer Loans***

Refer to Table 14 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The geographic distribution of consumer loans (motor vehicle, other secured and other unsecured) is poor. The percentage of FCNB consumer lending in the three moderate-income BNAs is significantly lower than the percentage of households in those BNAs.

## **Lending Gap Analysis**

We extracted and reviewed reports detailing FCNB's lending activity to determine evidence of any conspicuous gaps in the geographic distribution of loans. We did not find any unexplained conspicuous gaps.

### ***Inside/Outside Ratio***

A substantial majority of the bank's overall lending activity during this evaluation period, were within its AA. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of the geography.

The bank originated a total of 11,795 total home, small business, small farm and consumer loans during the evaluation period. Of these loans, 10,463 or 89% were made within FCNB's AA. Home loan originations and purchases represent 92% of the bank's total home loan originations and purchases during the evaluation period. Of the total small loans to businesses, 89% were made within the bank's AA. Small farm loans within the AA constitute 84% of the total small farm lending activity during the evaluation period. In addition, consumer loans originated within the AA represent 89% of the total consumer loans.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans to borrowers of different income level is good.

Borrower distribution by income level for home purchase loans is good. The percentage of bank loans to low-income borrowers is lower than the percentage of low-income families. The percentage of bank loans to moderate-income borrower exceeds the percentage of moderate-income families.

Borrower distribution by income level for home improvement loans is good. The percentage of bank loans to low-income borrowers is lower than the percentage of low-income families. The percentage of bank loans to moderate-income borrower exceeds the percentage of moderate-income families.

Borrower distribution by income level for home refinance loans is good. The percentage of bank loans to low-income borrowers is lower than the percentage of low-income families. The percentage of bank loans to moderate-income borrower exceeds the percentage of moderate-income families.

### ***Small Loans to Businesses***

Refer to Table 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

FCNB's distribution of small loans to businesses with revenues of \$1 million or less is excellent. Eighty-five percent of these loans are \$100 thousand or less. The percentage of the bank's small loans to these businesses exceeds the percentage of businesses with revenues of \$1 million or less in the bank's AA. The bank's loan market share to businesses with revenues of \$1 million or less exceeds its overall market share in making small loans to businesses.

### ***Small Loans to Farms***

Refer to Table 11 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

FCNB's distribution of small loans to farms with revenues of \$1 million or less is good. Eighty-four percent of these loans are \$100 thousand or less. The percentage of the bank's small loans to these businesses is equals the percentage of businesses with revenues of \$1 million or less in the bank's AA.

The bank’s loan market share to farms with revenues of \$1 million or less exceeds its overall market share in making small loans to farms.

**Consumer Loans**

Refer to Table 14 in appendix C for the facts and data used to evaluate the borrower distribution of the bank’s consumer loan originations and purchases.

The distribution of the bank’s consumer loans to borrowers of different income levels is excellent. The percentage of loans to low-income borrowers is near the percentage of low-income households. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income households.

**Community Development Lending**

Refer to Table 1 in appendix C for the facts and data used to evaluate the bank’s level of community development lending.

The bank did not originate any community development loans during the evaluation period. However, FCNB provided four (4) small business loans totaling \$286 thousand that had community development purposes. Proceeds of two of the loans were to fund construction and improvement of affordable housing and to provide community development services to low- and moderate-income individuals. The other two were made to businesses with revenues < \$1 million that promote economic development as they provide permanent jobs to minimum wage employees.

**Product Innovation and Flexibility**

The bank demonstrates use of flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.

Two flexible lending programs within its AA have been responsive to identified community credit needs. The banks record of originating loans in these programs is good. Below are brief descriptions of the programs and the bank’s record of performance.

THDA (In-house)	8 loans	\$ 29,669
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The bank has provided down payment assistance loans in conjunction with the Tennessee Housing Development Authority by lending 10 percent not covered by THDA. The interest rate charged is the market bank rate. The program enables borrowers to finance 100% of the value of the house.

Rapid Access Loans	172 loans	\$158,347
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This personal loan program is designed to assist low- and moderate-income individuals in obtaining needed cash. This loan program is a revolving line of credit offering a minimum loan amount of only \$300. Prior to the development of this program, the bank’s minimum advance amount for a personal loan was \$1,250.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the FCNB AA is adequate.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank does not have any prior period investments. During the evaluation period, it has provided monetary donations to organizations to meet the identified needs of the community. The bank made 7 qualified grants totaling \$27 thousand. Other than the THDA, there are no affordable housing initiatives, economic development or revitalization program available in the bank's AA. There is no grassroots community development organization in existence.

The organizations that received these qualified investments include the Habitat for Humanity, Dyersburg State Community College, Dyer County Literacy Program and Refugee Temple Church. The investments were used for education specifically targeted to low- and moderate-income individuals and affordable housing initiatives. They were all within FCNB's AA.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope review, the bank's performance in the AA is good.

### **Retail Banking Services**

Refer to Table 13 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FCNB's delivery systems are accessible to geographies and individuals of different income levels. There are no branches in moderate income BNAs. The bank's branch delivery service is significantly lower than the percentage of the population that resides in those geographies. However, this is reasonable as only 13% of that population correspond to low- and moderate-income families. Further, the bank's AA predominantly comprises of middle-income BNAs with a majority of upper-income families.

The bank's record of opening and closing branches has generally not adversely affected the delivery of retail services to the AA, particularly to low- and moderate-income areas. There are no low-income BNAs. In the last 2 years, the bank closed a branch each in the middle and upper-income BNAs. In June 1999, FCNB relocated its Ripley branch to a middle-income BNA 1.8 miles from the old facility, located in a moderate-income BNA. The new facility provided more room for expansion greater employee and customer comfort. There is also easier access for the customers with significantly more

parking space. Through mergers and acquisitions, the bank opened 2 branches each in middle and upper-income locations.

The bank's services do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals. Most bank offices offer full service banking. Except for the Downtown drive-in, loan officers are available at all locations. Branch office hours are tailored to convenience its customers, with several offering extended hours. Three branches and six drive-ins open at 7:00 a.m. on Fridays. The early hours accommodate shift workers at local factories whose workday ends at 7:00 a.m. Four branches are open on Saturday. The Industrial Park branch remains open until 7:30 p.m. on Thursday, which is payday for local factory workers. The Green Village drive-in keeps open till 7:00 p.m. also on Thursdays.

Other alternative delivery systems include ATMs, 24-hour telephone and Internet banking services. The telephone banking service allows customers to check balances, review account history, transfer funds, initiate stop payments orders, and check deposit and loan rates. The Internet banking service offers similar features in addition to accepting loan payments and processing bill payment request. We did not place significant weight on these alternative systems because the bank does not assess their effectiveness in providing needed services to low- and moderate-income areas and individuals.

## Community Development Services

FCNB's performance in providing CD services to its full-scope AA was good, considering the limited opportunities available. The bank provided a relatively high level of these services. The bank has been a leader in providing some of the services, particularly those that relate to affordable housing. Outside contacts and research on the State of Tennessee WebPages did not identify any additional opportunities for bank involvement. Some examples of the services the bank provide are detailed below.

*Credit/Homeownership Counseling Program* - This program was initially designed for the Federal Home Loan Bank (FHLB) Welcome Home recipients. FCNB consumer loan officers and a representative from the Consumer Credit Counseling Services provide the training. Due to the demand for this type of program, the service has been made available to other local bank customers applying for assistance through Dyer County Housing Development Corporation and the Habitat for Humanity recipients. Targeted audiences are low- and moderate-income individuals eligible for the loan programs.

*Dyer County Housing Development Corporation* - FCNB helped establish this corporation and provided the seed money. The corporation's purpose is to stimulate the building of housing for low- and moderate-income individuals in the community. Two employees of the bank's mortgage lending department provide lending assistance to clients, and lending analysis and financial operations assistance to the corporation.

*Electronic Benefits Transfer Program* - EBT cardholders access their food stamps and other government assistance from point-of-sale devices where they buy groceries. They may also access their cash accounts at any FCNB ATM without any surcharge.

*FHLB Welcome Home Program* - This program was designed to create home ownership opportunities for low- and moderate-income individuals. An eligible person could receive as much as \$7,500 in down payment and closing costs assistance and repairs. The bank promotes this program through newspaper

advertisements and contacts with non-profit organizations. Mortgage department employees also provide credit/homeownership counseling to prospective borrowers.

*Easy Access account* - This account was designed for those customers receiving government funding through the Social Services and Supplementary Income by direct deposit. The account features no monthly fees.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/98 to 12/31/00) Investment and Service Tests and CD Loans: (02/10/98 to 06/18/01)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
FCNB Dyersburg, Tennessee	Small business, small farm, residential, consumer and community development loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
FCNB AA	Full Scope	Dyer, Lauderdale and Obion Counties

## Appendix B: Market Profiles for Full-Scope Areas

### FCNB AA - Dyer, Lauderdale and Obion Counties

Demographic Information for Full-Scope Area: FCNB AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	25	0%	12%	56%	32%	0%
Population by Geography	90,062	0%	9%	58%	33%	0%
Owner-Occupied Housing by Geography	23,363	0%	9%	56%	35%	0%
Businesses by Geography	3,389	0%	7%	50%	43%	0%
Farms by Geography	562	0%	9%	63%	28%	0%
Family Distribution by Income Level	25,698	21%	16%	19%	44%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,372	0%	13%	63%	24%	0%
Median Family Income HUD Adjusted Median Family Income for 2000 Households Below the Poverty Level	= \$24,937 = \$40,200 = 6,952	Median Housing Value Unemployment Rate				= \$42,835 = 6.3%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2000 HUD updated MFI.

The FCNB AA consists of three contiguous counties in Northwest Tennessee, Dyer, Lauderdale and Obion. The counties are not part of an MSA. The closest MSA is Memphis, the largest city in the state, which lies only about 60 miles. The AA consists of 25 BNAs, has no low-income and only 3 moderate-income BNAs. The only moderate-income area in Dyer County is mostly in the flood plain of the Mississippi River and is sparsely populated. The remaining two moderate-income geographies are located in Lauderdale County. Low- and moderate-income families make-up just about 50% of the families in these geographies. Middle-income geographies predominate the AA.

There are 14 other financial institutions in the FCNB's AA operating 44 offices. Based on the June 2000 market share report data of FDIC, the bank holds 29% of the total deposits of all reporting banks in the AA. FCNB ranks 1<sup>st</sup> in Dyer County, at 58% and last in Lauderdale County at 5%. Its deposit market share in Obion County, which was added to its AA in 1998, was 15%.

All three counties have unemployment rates higher than the 4.1% of the State of Tennessee, with Dyer County lowest at 4.8%. Obion and Lauderdale counties show 6.1% and 8.3% unemployment rate, respectively. These rates were not significantly different from the last two years. The manufacturing industry represents the biggest employer in the AA. In Obion County alone, a third of the total labor force are employed at the Goodyear Tire and Rubber Company and Tyson Foods. To determine credit needs within the AA and community development opportunities, we contacted a representative within the community and researched information on the Internet. Based on these resources, there are limited investment opportunities in the bank's AA.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.

- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME		State: Tennessee				Evaluation Period: January 1, 1998 TO December 31, 2000						
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Review:												
FCNB AA	100%	852	59,951	1,320	84,639	476	27,267	0	0	2,648	171,857	100%

(\*) Rated area refers to either the state or multistate MSA rating area.

(\*\*) The evaluation period for Community Development Loans is February 8, 1998 to June 18, 2001.

(\*\*\*) Deposit data as of June 30, 2000. Rated area refers to either the state or multistate MSA rating area.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		State: Tennessee				Evaluation Period: January 1, 1998 TO December 31, 2000									
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full-Review:															
FCNB AA	476	100%	0%	0%	9%	2%	56%	50%	35%	48%	N/A	N/A	N/A	N/A	N/A

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on [N/A] Aggregate HMDA Data only.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			State: Tennessee				Evaluation Period: January 1, 1998 TO December 31, 2000								
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full-Review:															
FCNB AA	86	100%	0%	0%	9%	5%	56%	63%	35%	33%	N/A	N/A	N/A	N/A	N/A

(\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on [N/A] Aggregate HMDA Data only.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			State: Tennessee				Evaluation Period: January 1, 1998 TO December 31, 2000								
MSA/Assessment Area:	Total Home Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full-Review:															
FCNB AA	290	100%	0%	0%	9%	5%	56%	61%	35%	34%	N/A	N/A	N/A	N/A	N/A

(\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on [N/A] Aggregate HMDA Data only.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES			State: Tennessee				Evaluation Period: January 1, 1998 TO December 31, 2000								
MSA/Assessment Area:	Total Small Loans To Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% of Businesses **	% BANK Loans	% of Businesses **	% BANK Loans	% of Businesses **	% BANK Loans	% of Businesses **	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full-Review:															
FCNB AA	1,320	100%	0%	0%	7%	2%	50%	45%	43%	53%	32%	0%	22%	33%	33%

(\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS			State: Tennessee				Evaluation Period: January 1, 1998 TO December 31, 2000								
MSA/Assessment Area:	Total Small Loans To Farms		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full-Review:															
FCNB AA	476	100%	0%	0%	9%	11%	63%	46%	28%	43%	43%	0%	72%	38%	41%

(\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			State: Tennessee				Evaluation Period: January 1, 1998 TO December 31, 2000								
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	Over all	Low	Mod	Mid	Upp
Full-Review:															
FCNB AA	476	96%	21%	6%	16	18%	19%	20%	44%	52%	N/A	N/A	N/A	N/A	N/A

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 4% of loans originated and purchased by the bank.

(\*\*\*\*) Based on [N/A] Aggregate HMDA Data only.

**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			State: Tennessee				Evaluation Period: January 1, 1998 TO December 31, 2000								
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	Over all	Low	Mod	Mid	Upp
Full-Review:															
FCNB AA	85	99%	21%	7%	16%	26%	18%	31%	44%	35%	N/A	N/A	N/A	N/A	N/A

(\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 1% of loans originated and purchased by the bank.

(\*\*\*\*) Based on [N/A] Aggregate HMDA Data only.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			State: Tennessee				Evaluation Period: January 1, 1998 TO December 31, 2000								
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families**	% BANK Loans***	% of Families**	% BANK Loans**	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	Over all	Low	Mod	Mid	Upp
Full-Review:															
FCNB AA	285	98%	21%	9%	16%	24%	19%	26%	44%	39%	N/A	N/A	N/A	N/A	N/A

(\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 2% of loans originated and purchased by the bank.

(\*\*\*\*) Based on [N/A] Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES			State: Tennessee				Evaluation Period: January 1, 1998 TO December 31, 2000			
	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share****		
	#	% of Total*	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less	
Full-Review:										
FCNB AA	1320	100%	88%	89%	1126	125	69	32%	39%	

(\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

(\*\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.

(\*\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for [N/A] of small loans to businesses originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		State: Tennessee		Evaluation Period: January 1, 1998 TO December 31, 2000					
Total Small Loans to Farms		Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share****		
#	% of Total*	% of Businesses*	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less	
Full-Review:									
FCNB AA	476	100%	99%	99%	399	63	14	43%	45%

- (\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
- (\*\*) Farms with revenues of \$1 million or less as a percentage of all businesses.
- (\*\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for [N/A] of small loans to businesses originated and purchased by the bank.
- (\*\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		State: Tennessee		Evaluation Period: February 10, 1998 TO JUNE 18, 2001						
MA/Assessment Areas:		Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Review:										
FCNB AA	0	0	8	28	8	28	100%	N/A	N/A	

- (\*) "Prior Period Investments" means investments made in a previous evaluation period that are outstanding as of the examination date.
- (\*\*) "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS														State: Tennessee		Evaluation Period: February 10, 1998 TO June 18, 2001			
MSA/Assessment Area:	Deposits		Branches					Branch Openings/Closings						Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography					
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp		
Full-Review:																			
FCNB AA	100%	9	100%	0	0	4	5	2	3	0	-1	+1	+1	0%	9%	58%	33%		

**Table 14. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS														State: Tennessee		Evaluation Period: January 1, 1998 TO DECEMBER 31, 2000			
MSA/Assessment Area:	Total Consumer Loans		Geographic Distribution								Borrower Distribution								
			Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total**	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	
Full-Review:																			
FCNB AA	7815	100%	26%	0%	14%	3%	17%	59%	43%	38%	26%	23%	14%	26%	17%	24%	43%	27%	

(\*) Percentage of Households (Hhlds) is based on 1990 Census information.

(\*\*) Consumer loans originated and purchased in the MSA/AA as a percentage of all consumer loans originated and purchased in the rated area.

